CANADEXPORT

Volume 24 > Number 6

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Future is bright for Chicago-Canada relationship

With instability threatening many of the world's major oil-producing regions, Chicago's economy enjoys the rare benefit of importing about half of its petroleum from a nearby friend: Canada.

Chicago

And as high oil prices worldwide accelerate the development of Canada's vast reserves, America's third-largest metropolitan economy will likely be fueled increasingly from the north via secure pipelines crossing our friendly border.

"The commercial and industrial capital of the American Midwest has from its earliest days been tied economically to Canada—first by water, then by rail, air, fibre optics and pipeline," says Paul O'Connor, Executive Director of World Business Chicago, a not-for-profit economic development corporation chaired by Chicago Mayor Richard M. Daley.

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Canadian Consulate and Trade Office opens in Sapporo

In February, Canada's Ambassador to Japan Joseph Caron officially opened the new Canadian Consulate and Trade Office in Sapporo in the Hokkaido prefecture. He was accompanied by Yutaka Hayase, Director of the Japan External Trade Organization in Hokkaido, and Peter MacArthur, Senior Trade Commissioner at the Canadian Embassy in Tokyo.

"The opening is a renewal of Canada's commitment to Hokkaido which will further promote and solidify its relationship with this region of Japan," says Ambassador Caron. "The new Canadian Consulate and Trade Office can now provide better services to Canadian clients and Japanese contacts with the hope that this will generate more business for Canada."

In 2005, Alberta and Hokkaido celebrated the 25th anniversary of their sister province/prefecture relationship. Many cities in Alberta have special relationships with cities in Hokkaido and provide mutually beneficial economic and cultural opportunities for growth and understanding.

For more information, contact Shinichi Tsujio, Trade Commissioner, Canadian Consulate and Trade Office in Sapporo, tel.: (011-81-11) 708-8702, fax: (011-81-11) 708-8702, email: jpn.commerce@international.gc.ca, website: www.infoexport.gc.ca/jp.

International Trade Canada | Commerce international Canada

Canada

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Market overview

Today, Chicago's home state of Illinois is Canada's fifth-largest export market, just behind Japan. In 2004, Canada exported $21.2 billion to Illinois, up just under 20% from the preceding year. While crude oil, petroleum and trucks led the list of exports, virtually every category of Canadian production found a market in Chicago's economy.

Illinois exports to Canada grew by just over 7% across a broad spectrum of goods totaling $11 billion. Not surprising perhaps is that a high volume of two-way trade is in automotive-related manufactured goods.

Not well appreciated is the huge international trading area of what World Business Chicago calls North America's mid-continental economy, comprising Ontario and the Great Lakes states of the American Midwest—among which an impressive $3.1 trillion of business was done in 2005.

Ann Charles, Canada's Consul General in Chicago, and her colleagues have been working with Chicago's non-profit World Business Chicago economic development organization to heighten awareness of the importance and vitality of this growing two-way marketplace. Staff on both sides are working together closely to facilitate greater trade and investment.

On the Illinois side, exports to Canada were responsible for 237,000 jobs. And at last count, Canadian companies employed 268,000 in Illinois. In the nine-county Chicago metropolitan economy, 191 Canadian companies operated at 620 locations. Perhaps ironically, U.S. bank mergers have resulted in Bank of Montreal-owned Harris Bank advertising itself as Chicago's remaining home town bank. Harris is metro Chicago's largest Canadian-owned employer.

"The Harris Bank case is a good example of a huge but largely invisible relationship, a situation that suits a substantial number of business people who are content to go about quietly growing their businesses on both sides of the border," says O'Connor.

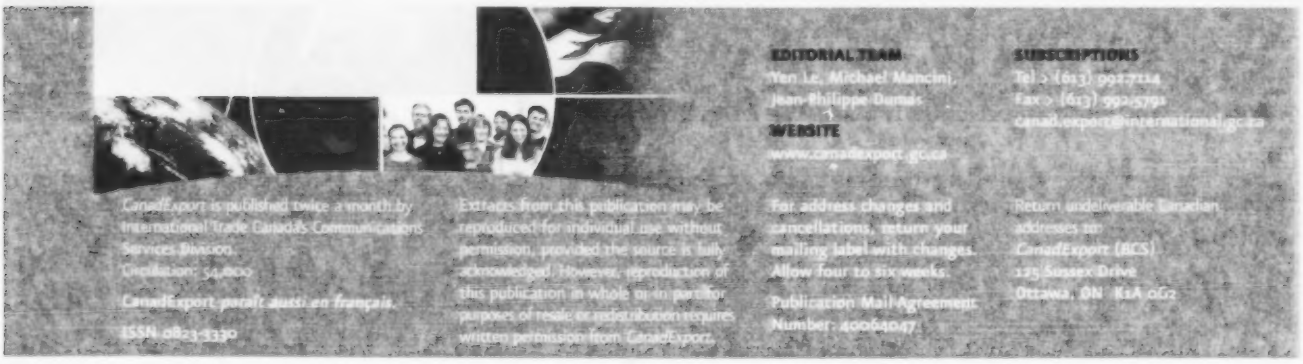
In fact, the Canadian Club of Chicago has, along with the Consulate General, been providing a sense of community since 1942 for ex-pat business executives. Also, with 51 daily nonstop flights linking Chicago and Canada's leading business centres, access to this huge market has never been easier.

The Canadian Consulate General in Chicago has worked aggressively in recent years to match emerging companies in growth sectors like life sciences, nanotechnology, and biotechnology, with cutting-edge counterparts in the Midwest. In fact, BIO2006—the biotechnology conference and exposition in Chicago taking place this week—expects to attract many businesses from across Canada.

One of the most significant developments for Canadian exports to the region has been the Atlantic provinces' discovery of Chicago's welcoming and eager marketplace. Historically, these provinces have focused their trade development efforts in New England, but after a successful export promotion exploration led by east coast premiers, Chicago has become a prime area for development. This is just an example of how much two-way market potential remains to be tapped.

"Business is good and getting better," adds O'Connor. "And in a troubled and unpredictable world, it's good to know that the greater portion of one's prosperity can be had by doing business with old friends."

For more information, contact the Canadian Consulate General in Chicago, tel.: (312) 616-1860, fax: (312) 616-1878, email: chcgo-td@international.gc.ca, website: www.international.gc.ca/chicago, or World Business Chicago, website: www.worldbusinesschicago.com.



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Establishing a direct-sales presence in the U.S.

All direct-sales strategies target the end user, who may be an individual, another company or a level of government. Depending on your product, you have a range of strategies for exporting to the United States.

One is to establish a U.S. presence, either by opening a branch of your company or by establishing a separate U.S. subsidiary. You'll need a lawyer well acquainted with American law to do this, but it will (for example) allow you to set up a retail outlet right in your target market. Your business will also seem more "American," which can help attract customers.

You can also sell by catalogue or by direct mail. In the first case, you produce a catalogue and distribute it using a well-targeted mailing list. In the second, you send promotional material to many potential customers, again using a mailing list. In both cases, you'll need a mechanism to take orders and payments, and a way to handle returns.

Another option is to use the Internet as a sales channel. Doing business electronically can be very convenient, but you'll still have to deal with traditional export procedures such as cross-border shipping and customs regulations. Furthermore, you'll need to convince potential customers that their transactions with you are secure, and that you'll protect their privacy and personal information.

If your business takes you to a lot of U.S. trade shows, this might be a fruitful sales opportunity. However—and it's very important to remember this—unless you have a U.S. work visa, you can't take money for your goods while you're in the U.S. You can, though, take orders for your goods, for later shipping from Canada.

Payment and after-market service

Successful direct selling requires efficient methods of dealing with payments, returns and warranties. To begin with, you'll need to handle payments in U.S. funds, possibly by converting them to Canadian funds when you receive payment, or by using a U.S.-dollar account at your Canadian bank. Or you could simply set up a U.S. bank account.

Inevitably, some products will be returned. You could manage these in several ways: by having the buyer ship them back to Canada, by renting a U.S. warehouse to store them pending shipment to Canada, or by subcontracting a U.S. company to deal with them. While the costs of a return policy—such as customs-brokerage and shipping fees—can be quite high, many consumers won't buy from a business that doesn't accept returns. As for warranties and guarantees, you might consider hiring a U.S. subcontractor to handle repairs and replacements, rather than doing it yourself.

Selling services directly

Service exporters can often do well in direct sales by contracting their expertise directly to American clients. Deciding whether to do this will depend on the nature of your service, the resources available to you and the particular U.S. market you're entering.

To succeed with this approach, you'll need to establish an awareness of your firm in the target market and demonstrate your credibility, competence and professionalism. And, as with any customer, you'll have to ensure that your management and staff are sensitive to the culture, values and business practices of your U.S. clients.

For more information on doing business in the U.S., be sure to consult *Exporting to the United States*, the comprehensive online guide from Team Canada Inc. You'll find it at http://exportsource.ca/unitedstates, or you can call the Export Information Line at 1 888 811-1119.

Virtual Trade Commissioner

Access a World of Trade Knowledge

Habits of highly successful exporters

What habits are linked to export success? Is it all risk-taking and dynamic deal-making? How important is it to look before you leap? We interviewed three Canadian companies, and found they all place a high value on researching their target markets. And all three have tapped into a source of information specific to their sectors and markets through Canada's Market Research Centre to assist them in making informed decisions related to international business—a service available online via your Virtual Trade Commissioner.

For Vancouver-based **Falstaff Enterprises**, a consulting and communications services business, market research is not only key to the company's past success, it has become an integral part of owners Hendrik Slegtenhorst and Gloria Steel's strategy for the future.

The husband and wife team is carefully developing a comprehensive plan to export primarily artistic goods to target markets in Europe and the U.S. As with any owner starting a new venture, the accuracy and timeliness of their information sources is essential.

"The market reports I've downloaded have been thorough, current and of exceptional quality. One report in particular was right on the money. It helped me update and refine my research," says Slegtenhorst, who has configured his business profile within the Virtual Trade Commissioner to alert him to specific market overviews and briefs. "It would be nice to follow what the motivational speakers say—just think it and it will happen—but that's not realistic. You have to learn everything you can before you make your move."

Kevin Russell, Vice President of **Avcorp Industries Inc.**, which designs and builds aircraft structure assemblies for clients like Boeing, Cessna and Bombardier, knows he could search for similar market information elsewhere, but notes it would take more time and money. With 650 employees at its Delta, B.C. facility, annual revenues of about $100 million, and 50 years in the global aerospace industry, Avcorp didn't get this far without being careful as well as confident.

"If we can access credible market research in one place, we're there," says Russell. "These reports are part of the preliminary groundwork you've got to do, and we always do as much homework as possible before we enter a market."

WorleyParsons Komex, a mid-sized environmental consulting company with offices in Calgary and abroad, also follows a "leave no stone unturned" approach where market research is concerned.

"We've drawn a range of useful data from these reports: market dynamics, cultural aspects, business climate, key players and legislative frameworks, to name a few," says Roy Hunt, engineer and spokesperson for WorleyParsons Komex. "To evaluate a new market we'll look at all the available information from our various sources. However, these market reports in particular offer a credibility and a Canadian perspective that's not available elsewhere."

Judging by the feedback from these three companies, doing your research using trustworthy sources may be obvious advice, but it bears repeating. One company described exporting as a bit like skydiving—better to learn all you can before you make the jump.

The Trade Commissioner Service's Market Research Centre offers more than 900 market information products, available online via your Virtual Trade Commissioner. To register, go to:

Finding your niche in international markets

Everyday, it seems that the stakes in international business get higher and the competition becomes fiercer. On some levels of international business, this may be the case; however, there are abundant opportunities for Canadian product and services firms in lucrative markets around the world. The key is finding your niche.

Developing a specialized product or service or focusing on an underserved market can create different competitive advantages for Canadian businesses of all sizes.

A niche is defined as "a place, employment or activity for which a person or thing is best suited." This term has been adapted to marketing to describe specialization in narrowly focused products and services. It is also used to describe focused markets for these specialized products and services.

For example, a Canadian company that designs and manufactures portable photovoltaic cells for solar energy collection is not producing a mass appeal product that you would find at the local department store. The company is producing a leading edge renewable energy product that is in demand in certain areas where alternative and renewable energy sources are becoming a necessity. It is also producing a valuable product for remote environments that require an energy supply. The company has found a niche that is not being widely addressed because it is perceived as too small. Yet when the company begins to research potential clients on a global scale, the business can be quite lucrative.

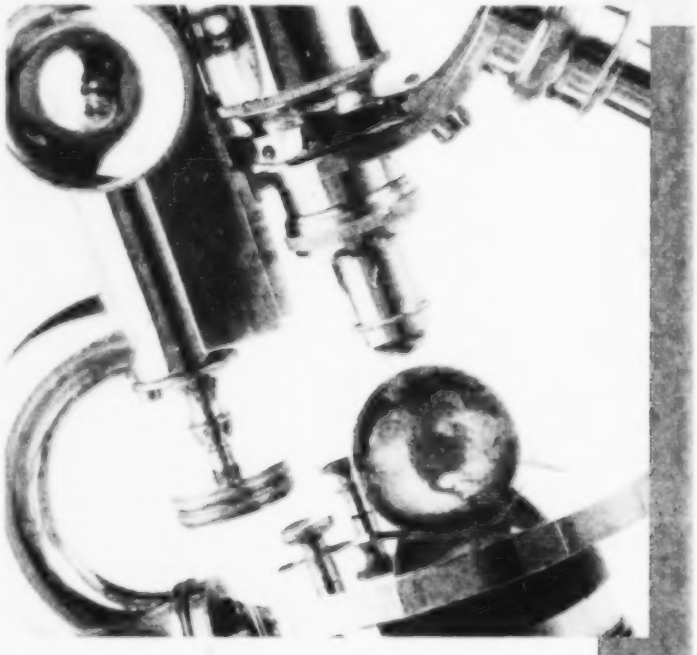
Niche marketing is a valuable strategy for Canadian firms that are exporting or are considering exporting. Canada's largest corporations are often secondary players to foreign firms in terms of size and resources. Offering better service, better quality products and more competitive prices can help offset some of this disadvantage. However, it remains difficult to compete on a global scale.

Developing a specialized product or service or focusing on an underserved market can create different competitive advantages for Canadian businesses of all sizes. A technology firm specializing in enterprise management software solutions might get lost in a sea of competitors offering similarly named products. However, the firm that develops customized and cost-effective enterprise software for small and medium-sized medical offices may develop a reputation within this niche sector.

A law firm with expertise in establishing regulatory and legislative infrastructures may be able to attract foreign government clients in nations currently developing or overhauling their regulatory regimes. While the firm may not have worked in the country before, its track record on previous projects, its credibility and impartiality and its specialization in this particular area of legal work will all serve as advantages as it exports its services to new clients worldwide.

Canadian firms seeking to explore new markets will benefit from identifying and researching niche opportunities for their products or services. It is a critical element of the export plan. And finding your niche in the global marketplace will make exporting much more enjoyable.

If you want to improve your export efforts, move into new markets or simply get exporting, connect with Team Canada Inc, your source for export services, at 1 888 811-1119 or online at http://exportsource.ca.



Abu Dhabi oil fair among biggest in the world

Abu Dhabi, United Arab Emirates, November 5-8, 2006 > The **Abu Dhabi International Petroleum Exhibition and Conference** (ADIPEC) is now one of the largest oil and gas events in the world.

The last show in 2004 was a success as it attracted 1,225 exhibitors from over 53 countries. Over 28,000 industry professionals visited the event from 71 countries. The conference theme was *Managing Resources and Opportunities for the Maturing Oil & Gas Industry*, featured 138 technical papers and was attended by over 2,600 delegates.

The Middle East holds two-thirds of the world's oil reserves and is working towards meeting the rising global demands for oil by investing billions on oil exploration, production, processing, maintenance and infrastructure development. New project announcements and exploration in the region have resulted in a need for superior products and services. Accounting for 85% of the U.A.E.'s actual oil output, Abu Dhabi plans huge investment to raise oil production from 2.4 million barrels per day to 3 million by 2007.

This trade fair will feature manufacturers of oil and gas products, services, as well as important end users.

Canada will have a pavilion at ADIPEC and the cost to exhibit includes a furnished booth, the use of a hospitality lounge, power, carpets, security, lighting, a name board and a listing in the Canadian Exhibitor Directory.

For more information, go to www.adipec.com, or contact Venky Rao, the organizer's agent in Canada, tel.: (905) 896 7815, email: venkyrao@rogers.com, or Imad Arafat, Trade Commisioner, Canadian Embassy in Dubai, tel.: (011-971) 2-407-1300, email: imad.arafat@international.gc.ca, website: www.international.gc.ca/abudhabi.

See what's in store at Middle East design fair

Dubai, United Arab Emirates, November 7-11, 2006 > Recognised globally as the Middle East's premier interiors event, **Index 2006** will be bigger and better this year.

Over the years, the strength of Index has been its focus on key areas of the interiors industry like furniture, flooring, lighting, textiles, wall covering and accessories. Having placed great importance on developing the show to make it a true 'one-stop' for architects, designers and specifiers, this year's focus will be further broadened.

The development of residential real estate continues to expand across the region. With more properties under development and ownership becoming easier, this event will stimulate the growth of the interiors industry. Given the dynamic nature of the real estate sector and the positive long-term projections for the industry throughout the Middle East, billions of dollars are being invested by the public and private sectors in the region.

Last year, 31,140 trade visitors attended the show, which made it the region's biggest interiors industry showcase ever with exhibitors from 56 countries.

For more information, contact Sanam Shahani, Canadian Consulate in Dubai, email: sanam.shahani@international.gc.ca, or Index Dubai, the Canadian show agent, email: indexdubai@rogers.com, website: www.dmgdubai.com.

Range of services to be featured at Tunis exhibition

Tunis, Tunisia, June 8-9, 2006 > The Canadian Embassy in Tunis encourages exporters in the services sector to take part in the 2006 edition of the **International Services Exhibition**.

The first event, held in 2004, attracted more than 1,000 participants, including 305 foreign visitors from 30 countries and six international financial institutions and organizations. In fact, 97% of exhibitors expressed a desire to participate in the next International Services Exhibition.

With over 200 exhibitors to be showcased, the exhibition will bring together a broad sample of the services sector, from high-tech, health, engineering, to education, finance, marketing, communication and tourism. Development banks and international financial institutions will also be there to provide information on assistance for projects in Africa and the Middle East.

For more information, contact Lassaâd M. Bourguiba, Canadian Embassy in Tunis, tel.: (011-216-71) 104-050 or (011-216-71) 104-103, email: lassaad.bourguiba@international.gc.ca.

Aid opportunities at International Development Days

Winnipeg, May 3-5, 2006 > Canadian Manufacturers and Exporters' **International Development Days: Investment in Developing Countries** will bring together representatives from international organizations, development agencies, and the Canadian and international private sectors to discuss opportunities for Canadian firms in the international aid market.

Representatives from the World Bank, Inter-American Development Bank, United Nations, Canadian International Development Agency, and other organizations will participate in sessions on topics such as tapping project financing in developing countries, opportunities in the renewable energy, agri-food and water management sectors, and procurement for international development projects. Participating firms can meet with international decision makers individually and through a variety of networking events.

For more information, contact Leigh Wolfrom, International Financing Division, International Trade Canada, tel.: (613) 992-0747, fax: (613) 943-1100, email: leigh.wolfrom@international.gc.ca, website: www.cme-mec.ca/idd.

Selling business services in the United States

Oakville, Ontario, May 18, 2006 > Are you wondering about U.S. immigration requirements for performing service work in the U.S.? How about your exposure to U.S. state or federal taxes, or banking issues? Wondering how to get started? The Ontario Ministry of Economic Development and Trade (MEDT), in partnership with the Canadian Consulate General in Buffalo, is presenting a breakfast seminar designed exclusively for service-based companies interested in beginning or expanding their export sales to the U.S.

Back for a third year, this seminar will address business immigration and visa requirements, border programs, corporate taxation and tips for marketing your business south of the border. To register for this seminar, go to www.ontarioexports.com/events and search events by keyword "services." Space is limited so register early.

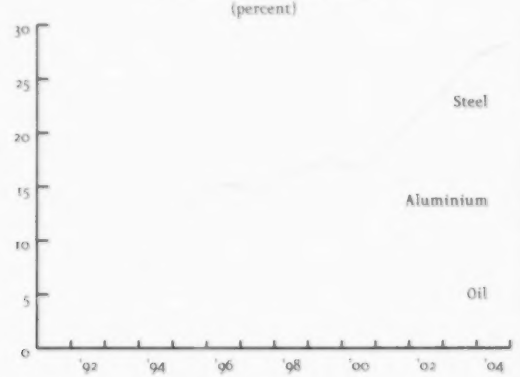
Contact: Trevor McPherson, Trade & Investment Division, Ontario Ministry of Economic Development & Trade, tel.: (416) 325-4001, fax: (416) 325-6509, email: trevor.mcpherson@edt.gov.on.ca.

China's appetite for natural resources continues to grow

China's consumption of global resources has increased rapidly over the past decade and a half. Since the early 1990s, for example, China's shares in world consumption of oil, aluminum and steel have doubled, increasing 6.9% (5.6 million barrels per day), 18.0% (5.1 billion metric tonnes), and 28.3% (302 billion metric tonnes) respectively. China's growing demand has been driven primarily by a rise in manufacturing facilities located there and the inputs these facilities require. For some resources, such as steel, China is the main driver of current prices. If such prices stay high, this will have significant implications for Canada. However, supply increases may mean the current highs are only temporary. In steel's case, China has tripled domestic production in the past decade and is now a net exporter; prices have fallen accordingly.

Provided by the Trade and Economic Analysis Division (www.international.gc.ca/eet)

China's Share of Global Resource Consumption
(percent)



Data: Various sources

Berlin, Germany
May 16-21, 2006
The biennial **International Aerospace Exhibition** (ILA) is one of Europe's largest air shows and covers the entire spectrum of civil and military aerospace and technology, will include an extended conference program and a Canadian stand organized by the Canadian Embassy in Berlin.
Contact: Nathalie Niedoba, Canadian Embassy in Berlin, tel.: (011-49-30) 2-03-12-370, fax: (011-49-30) 2-03-12-115, email: nathalie.niedoba@international.gc.ca, website: www.ila-berlin.com.

Hamburg, Germany
May 16-19, 2006
WindEnergy 2006 is an international trade fair and conference that will focus on financing, exports and offshore wind technology. This event is an excellent opportunity for Canadian companies to explore the German wind energy sector and meet with firms from other countries.
Contact: Canadian Consulate in Hamburg, tel.: (011-49-40) 46-00-27-0, fax: (011-49-40) 46-00-27-20, email: hmbrg@international.gc.ca, websites: www.windenergy.de and www.canada.de.

Chiba, Japan
October 11-13, 2006
The **Renewable Energy 2006 International Exhibition** is the first event in Japan to showcase all renewable energy technologies and is expected to attract 45,000 visitors.
Contact: Christian Hallé, Trade Commissioner, Canadian Embassy in Japan, tel.: (011-81-3) 5421-6200, e-mail: jpn.commerce@international.gc.ca, website: www.cnt-inc.co.jp/energy.

Hermosillo, Mexico
October 17-20, 2006
The 8th **International Mining Congress** is the second-largest mining show in Mexico.
Contact: Karra-Lee Gerrits, Trade Commissioner, Canadian Embassy in Mexico City, tel.: (011-52-55) 5724-7900, fax: (011-52-55) 5724-7982, email: karra-lee.gerrits@international.gc.ca, website: www.canada.org.mx.

Winnipeg, Manitoba
May 31-June 2, 2006
Hemispheria is a high-profile conference aimed at developing and strengthening economic and social partnerships among regions located along the international mid-continent trade and transportation corridor. This year's theme is Security, Prosperity and Quality of Life.
Contact: Andrea Scholtes, International Trade Canada, tel.: (613) 944-2780, email: andrea.scholtes@international.gc.ca, website: www.hemispheria2006.com.

Montreal, Quebec
June 5-8, 2006
The **International Economic Forum of the Americas**' principal mission is to provide a wide-ranging and completely open discussion of the major international economic issues, and brings together businesses, governments and international agencies as well as members of the academic world and civic society, thereby encouraging international exchanges.
Contact: International Economic Forum of the Americas, website: www.conferencedemontreal.com.

Hamburg, Germany
June 4-9, 2006
The 25th **International Conference on Offshore Mechanics and Arctic Engineering** is being organised by the International Petroleum Institute and the German Society of Marine Technology and will bring together members of the scientific community to advance the development and exchange of information regarding ocean, offshore and arctic engineering.
Contact: Canadian Consulate in Hamburg, tel.: (011-49-40) 46-00-27-0, fax: (011-49-40) 46-00-27-20, email: hmbrg@international.gc.ca, websites: www.OMAE2006.com and www.canada.de.

Ho Chi Minh City, Vietnam
October 12-14, 2006
The **Vietnam Oil & Gas Expo** will provide opportunities to display advanced equipment and technologies in the oil and gas sector to Vietnamese companies.
Contact: Canadian Consulate General in Ho Chi Minh City, tel.: (011-84-8) 827-9899, email: hochi-td@international.gc.ca, website: www.vfabric.com/vnoffshore.

Montreal, Quebec
May 21-26, 2006
The **Association of International Educators 2006 Annual Conference and Expo** (NAFSA) will attract over 7,000 education professionals from around the world and is the premier forum in North America for networking and partnering in the education, training and education products sectors.
Contact: NAFSA, tel.: 1 800 350-0111, fax: (212) 460-9700, email: conference@nafsa.org or nafsa2006@nafsa.org, website: www.nafsa.org/annual_conference.

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